

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 2521. The yeas and nays have been ordered. The clerk will call the roll.

The legislative assistant called the roll.

Mr. FITZGERALD (when his name was called). Present.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) is necessarily absent.

Mr. REID. I announce that the Senator from South Carolina (Mr. HOLINGS) is absent because of a death in the family.

The result was announced—yeas 51, nays 46, as follows:

[Rollcall Vote No. 358 Leg.]

YEAS—51

Abraham	Enzi	McConnell
Allard	Frist	Murkowski
Ashcroft	Gorton	Nickles
Bennett	Gramm	Roberts
Bond	Grams	Roth
Brownback	Gregg	Santorum
Bunning	Hagel	Sessions
Burns	Hatch	Shelby
Campbell	Helms	Smith (NH)
Chafee, L.	Hutchinson	Smith (OR)
Cochran	Hutchison	Snowe
Collins	Inhofe	Stevens
Coverdell	Johnson	Thomas
Craig	Kyl	Thompson
Crapo	Lott	Thurmond
DeWine	Lugar	Voinovich
Domenici	Mack	Warner

NAYS—46

Akaka	Feingold	Lincoln
Baucus	Feinstein	Mikulski
Bayh	Graham	Moynihan
Biden	Grassley	Murray
Bingaman	Harkin	Reed
Boxer	Inouye	Reid
Breaux	Jeffords	Robb
Bryan	Kennedy	Rockefeller
Byrd	Kerrey	Sarbanes
Cleland	Kerry	Schumer
Conrad	Kohl	Specter
Daschle	Landrieu	Torricelli
Dodd	Lautenberg	Wellstone
Dorgan	Leahy	Wyden
Durbin	Levin	
Edwards	Lieberman	

ANSWERED "PRESENT"—1

Fitzgerald

NOT VOTING—2

Hollings McCain

The motion was agreed to.

Mr. LOTT. I move to reconsider the vote.

Mr. COVERDELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The majority leader.

UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR NO. 257

Mr. LOTT. As in executive session, I ask unanimous consent that immediately following the next vote, the Senate proceed to executive session and an immediate vote on Calendar No. 257, the nomination of Linda Morgan to

be a member of the Surface Transportation Board. I further ask consent that immediately following the vote, the President be immediately notified of the Senate's action, and the Senate then resume legislative session.

Let me confirm, as a result of this vote, there are about five or six other nominations that will be cleared tonight in wrapup.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

BANKRUPTCY REFORM ACT OF 1999—Continued

Mr. LOTT. Mr. President, I ask unanimous consent that the next two votes be 10-minute votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2754

The PRESIDING OFFICER. Under the previous order, there are now 4 minutes equally divided prior to the vote on or in relation to the Dodd amendment No. 2754.

Who yields time?

Mr. KENNEDY. Mr. President, Senator DODD and I have proposed an amendment to address the explosion of credit card debt offered to students on college campuses.

The amendment prohibits a credit card company from giving an individual under the age of 21 a credit card unless the young person has income sufficient to repay the debt or a parent, guardian, or other family member over the age of 21 shares liability for the credit card. Credit card applications and solicitations must disclose this information to potential consumers.

This amendment is particularly appropriate during debate on bankruptcy reform legislation. We know that credit card debt may not be the sole factor leading to bankruptcy, but for many individuals it is a significant contributing factor.

Congress should be particularly concerned that since 1991, there has been a 50-percent increase in bankruptcy filings by those under the age of 25. In many cases, these are young men and women who are just establishing their independence—and just starting to build a credit history. Poor financial decisions, especially credit card mismanagement can have long-term implications.

We know the siren song of the credit card industry is loud and clear. In 1998, credit card issuers sent out 3.45 billion credit card solicitations to people of all ages, including college students and others who may not have the ability to repay their debts. In fact, First USA recently issued a credit card to 3-year-old Alessandra Scalise. Alessandra's mother said she accurately completed and mailed in the preapproved credit card application as a joke. There was no Social Security number or income

listed and Alessandra's occupation was listed as "preschooler." Apparently, this didn't make a difference to First USA. Alessandra received a Platinum Visa with a \$5,000 credit limit.

This incident may be attributable to "human error" but there are numerous examples of irresponsible lending practices by credit card issuers—especially when they lend to students who don't have the capacity to repay their debts.

For example, one Discover platinum card issuer's terms of qualification require a minimum household income of \$15,000 unless you are a full-time student. Discover explains that an individual either has to have a \$15,000 minimum income or needs to prove that they are a full-time student. Student applications are rejected only if they have a bad credit history—a prior bankruptcy filing, for example—or if their student status can not be confirmed.

During a February 1998 Banking Subcommittee hearing, Senator SARBANES asked credit card issuers how they determined student income. Bruce Hammonds, senior vice chairman and chief operating officer of MBNA Corporation responded if a student has a loan, "that means they do not have to pay tuition in most cases and we are looking at that tuition payment. Then we would not count the tuition payment against them with their income and expense analysis." In other words, the company ignores the reality of tuition and views a student loan as "free" money—an income stream that can be used to repay credit card debt.

Not surprisingly, credit card companies have unleashed a well-organized and pervasive campaign to attract student consumers. Credit is available to almost any college student—no income, no credit history, and no parental signature required. The National Bankruptcy Review Commission received an advertisement for a 2-day workshop for creditors entitled, "Competing in the Sub Prime Credit Card Market," including a presentation entitled, "Targeting College Students: Real Life 101," with tips on how to "target the money makers of tomorrow."

Students are targeted by the industry the moment they step on to a college campus. Applications are placed in their book bags at the student store, and tempting gifts and bonuses and low teaser rates are used to entice them to send in the application. The American Express Card for College Students has a teaser rate of 7.75 percent for the first 90 days, then it more than doubles to 15.65 percent. Perks include Continental Airlines travel vouchers. The Citibank College Card for Students initial rate is 8.9 percent for 9 months and then it skyrockets to 17.15 percent. The incentive? Eight American Airlines travel coupons.

Brian is a student at the University of Minnesota. He said,

They gave me a free T-shirt and a water bottle to apply for their credit cards. My clever plan? To sucker them out of their prizes and cut up the cards. \$4,000 later . . . I stopped spending . . . In my glory days, I was like King Midas, pointing to things and turning them into my own . . . For me, the worst temptation was food . . . While listening to tunes on your new stereo and munching take out food, the monthly payment seems easy to pay, especially when you can get a cash advance to cover it.

The ads are tempting, too. One ad directly targeting students reads: "Free from parental rule at last. Now all you need is money. Cha-Ching! Get 3 percent cash back on everything you buy."

The Internet is the new frontier for credit card advertising to students. When a student clicks on "www.studentcreditcard.com" he or she finds a treasure trove of shopping offers and discounts, as well as the assurance of 3 percent cash back. Students are told that, "It's totally simple. Spend \$200 on an item with your card and you have an extra six bucks in your pocket. Spend another \$400, that's \$12. It adds up fast when you use The Associates Student Credit Card for all your purchases."

The web site includes some information on establishing a good credit record, but nothing compared to the bonuses and incentives for student consumers.

Not surprisingly, college students respond to solicitation by credit card companies. A recent study by Nellie Mae found that 60 percent of undergraduates have credit cards and 21 percent have 4 or more cards. The median credit card debt among students is \$1,200 and 9 percent of students have debt between \$3,000 and \$7,000. Five percent of students have credit card debt exceeding \$7,000.

Other studies replicate similar findings. A June 1998 national survey by the Education Resources Institute—"Credit Risk or Credit Worthy"—found that 55 percent of students obtained their first card during their first year of college and a significant proportion received their first credit card while still in high school.

The study argues that many students use credit cards reasonably, but the facts and statistics are disturbing. Fifty-two percent of students say that one of the most important reasons to have a credit card is to "build a credit history" and 45 percent say it's to use in an emergency, but the survey shows that 77 percent of all student credit card purchases were for "routine personal expenses"—a category that may include a wide-range of items.

While attending Villanova, Meghan charged \$15,000 on her credit cards. When she and her friends first applied for the cards they decided to keep them for emergencies, only. But, according to Meghan, they would "end up buying things . . . or taking cash advances

just to live on." Meghan planned to get a job to pay off her debt, but that didn't happen. Instead, her mother paid-off the balance on the card—twice.

What's particularly troubling is that many students who use their credit cards when they "run out of checks" or are "on Spring Break" don't realize the financial implications of credit. In a September 1999 article, Joan Bodnar, senior editor of Kiplinger's Personal Finance Magazine wrote, "Kids tend to equate credit cards with free money—in a recent survey of college students, fewer than half of those interviewed knew the interest rate on their cards."

Similarly, a 1993 American Express/Consumer Federation of America study of college students revealed that college juniors and seniors only have a "fair" understanding of financial services products, and few appear to understand an annual percentage rate. A similar study of high school seniors reveals that they have a "poor" understanding of such products.

The result? College students with no income and good intentions often find themselves in debt with no way out. For example, of the 20 percent of students who report an average balance greater than \$1,000, half of those students have four or more credit cards and only 18 percent pay off their outstanding balances every month. In addition, 48 percent of these students have other debt and nearly one-third have charged tuition and fees.

The economic and emotional consequences of credit card debt can be devastating—even deadly—for many students. Tricia Johnson received a desperate call from her daughter, Mitzi, a student in her first year at the University of Central Oklahoma. Mitzi had lost her part-time job and was afraid she could not pay her debts. Mrs. Johnson tried to comfort her distraught daughter. But, later that night, Mitzi committed suicide. She had accumulated \$2,500 in credit card debt, but her weekly income rarely exceeded \$65. When the police found Mitzi, credit cards were spread across her bed.

Janie O'Donnell—the mother of Sean Moyer, a National Merit Scholar attending the University of Oklahoma—had the same devastating experience. In 1998, Sean told his mother he had no idea how to get out of his financial mess, and he did not see much of a future for himself. Sean had moved home to save money and pay off the \$10,000 he owed Visa and Master Card. A week later, he committed suicide.

A study by the University of Minnesota in 1996, suggests that credit card debt by students often goes hand in hand with stress and depression. Two-thirds of students who said they were taking medication for depression had more than \$1,000 in credit card debt. The study also found that as credit card debt increased, the student's

grade point average went down. In 1998, a University of Indiana administrator said, "we lose more students to credit card debt than to academic failure."

Tennessee legislators were disturbed by a study that revealed a large number of Tennessee bankruptcy filers to be surprisingly young, and they are taking action. Several bills were introduced, and the state Senate passed legislation that gives students an opportunity to remove their name from solicitation lists.

It's time for Congress to take action as well. The purpose of the amendment before the Senate is to ensure responsible lending by credit card companies to students. In fact some credit card issuers are adhering to self-imposed restrictions that are more narrow than the Dodd/Kennedy amendment. For example, Dorinda Simpson, CEO of American Partners Federal Credit Union testified that when issuing student credit cards, they set a \$500 credit limit and require a co-signor "so parents know up front what we are loaning to that college student."

This amendment doesn't go that far. It requires credit card companies to either establish that a student has the income to repay the debt or have a co-signor.

The requirements aren't overly burdensome. They won't disadvantage 20-year-olds in the military—they have an income. They won't disadvantage a student with deceased parents—another person may co-sign or the student may have income. They won't disadvantage a 19 year-old, non-college student who is between jobs—that person may have unemployment compensation or another form of income.

And, finally, this amendment is not a form of lending discrimination. When similarly situated individuals aren't treated equally, that's discrimination. When underwriting standards are based on perception instead of facts, that's discrimination. But, requiring credit card issuers to stop preying on college students they know don't have a means to repay debt—that is ensuring responsible behavior.

I urge my colleagues to support this amendment.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, very briefly, the amendment that I have offered, along with Senator KENNEDY, does the following: It says for persons between the ages of 18 and 21, you must either prove you have the ability to pay or to have a parent, guardian or some qualified person cosign your credit card application. The reason for this provision is because there is an alarming increase.

Mr. SARBANES. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senate will please be in order. Will Senators having conversations please take them into the Cloakroom.

The Senator from Connecticut.

Mr. DODD. Thank you, Mr. President.

There is an alarming increase in the number of young people who are being swamped with credit card applications where with merely their signature and the showing of a student ID they can receive credit of up to \$10,000. In fact, today, the average college student, who does not pay their monthly balance, has a credit card obligation of \$2,000. And one-fifth of those have credit card obligations of \$10,000 or more. We are being told now that one of the largest reasons for disenrollment in higher education is because of credit card debt.

My amendment merely says that between the ages of 18 and 21, you must either prove you have the ability to repay or you must have a cosignature by a parent, guardian, or other qualified individual with the means to repay. It is not outrageous to ask credit card companies to require this kind of information. Students are receiving, on the average, 50 credit card applications in their first semester of college.

We set the age of 21 for legal consumption of alcohol in this country. The IRS has a presumption of age 23, if you are in college, in terms of student obligations in loans.

By merely requesting that the credit card companies ask for this basic information, we can slow down this alarming increase in the number of young people who are incurring tremendous debts. Many of these kids are dropping out of school as a result of these debts.

Mr. President, I urge adoption of this amendment to stop this alarming trend of too many young people, while at too young an age, incurring unreasonable credit card debts.

The PRESIDING OFFICER. The time has expired.

I must say before the Senator speaks, the Senate is not in order. Will the Senate please come to order.

The Senator from Utah.

Mr. HATCH. Mr. President, this amendment unfairly discriminates against young adults, and I think it should be opposed. Adults between the ages of 18 and 21 can defend our country in the military. Yet under this amendment, they will not be able to even get a credit card without overcoming regulatory obstacles in their way.

Many young adults, some of whom are students and are supporting young families, need access to credit cards to make their lives just a little bit easier. So I oppose this paternalistic amendment.

I remember what it was like to work in a low-paying job as a janitor. I can appreciate the benefits that being able to obtain credit will provide to hard-working young adults.

Keep in mind, many in this group oppose parental consent for abortion, and

you are going to impose parental consent on young adults who may be working, who may have families, who may be in the military, who may be as responsible as anybody else. It just plain isn't right. I do not think we should vote for that.

So I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 2754. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FITZGERALD (when his name was called). Present.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) is necessarily absent.

Mr. REID. I announce that the Senator from South Carolina (Mr. HOLINGS) is absent because of a death in family.

The result was announced—yeas 59, nays 38, as follows:

[Rollcall Vote No. 359 Leg.]

YEAS—59

Abraham	Feingold	McConnell
Allard	Frist	Murkowski
Ashcroft	Gorton	Nickles
Bennett	Gramm	Robb
Biden	Grams	Roberts
Bond	Grassley	Roth
Brownback	Gregg	Santorum
Bryan	Hagel	Sessions
Bunning	Hatch	Shelby
Burns	Helms	Smith (NH)
Chafee, L.	Hutchinson	Smith (OR)
Cleland	Hutchison	Snowe
Cochran	Inhofe	Specter
Collins	Johnson	Thomas
Coverdell	Kohl	Thompson
Craig	Kyl	Thurmond
Crapo	Lincoln	Torricelli
DeWine	Lott	Voinovich
Domenici	Lugar	Warner
Enzi	Mack	

NAYS—38

Akaka	Edwards	Lieberman
Baucus	Feinstein	Mikulski
Bayh	Graham	Moynihan
Bingaman	Harkin	Murray
Boxer	Inouye	Reed
Breaux	Jeffords	Reid
Byrd	Kennedy	Rockefeller
Campbell	Kerrey	Sarbanes
Conrad	Kerry	Schumer
Daschle	Landrieu	Stevens
Dodd	Lautenberg	Wellstone
Dorgan	Leahy	Wyden
Durbin	Levin	

ANSWERED "PRESENT"—1

Fitzgerald

NOT VOTING—2

Hollings McCain

The motion was agreed to.

Mr. REID. I move to reconsider that vote.

Mr. BROWNBACK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREAUX. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, I ask the attention of the managers. I understand there is an informal agreement to allow myself and my colleague, Senator FRIST, to proceed for 5 minutes as in morning business. If that is the case, I ask unanimous consent I be allowed to proceed as in morning business for 5 minutes followed by my colleague from Tennessee with the same request.

Mr. DODD. Reserving the right to object, is that with the understanding that at the conclusion of the 10 minutes I have the opportunity to offer my amendment?

Mr. REID. Reserving the right to object, if the Senator will withhold, we are attempting to get unanimous consent agreement so we can move on.

Mr. DODD. If the Senator from Tennessee and the Senator from Louisiana want to proceed, that is fine.

Mr. REID. If we get unanimous consent, the Senator can interrupt.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Louisiana is recognized for 5 minutes.

MEDICARE REFORM

Mr. BREAUX. Mr. President, I take this time with my distinguished colleague, Senator FRIST from Tennessee, and our distinguished colleague, Senator BOB KERREY, who served with me on the National Bipartisan Commission on the Future of Medicare, to offer what I think is the first ever comprehensive Medicare reform bill to be introduced since the advent of Medicare back in 1965.

We introduced a bill today. It is available for consideration by our colleagues. I hope this legislative effort becomes the marker for future discussions and debate on the question of what we do with Medicare. We introduced the bill today because we think it is absolutely essential that the Congress in this session take up the question of how to reform the Medicare Program that is currently serving 40 million Americans.

We did it essentially for two reasons. First of all, the program that the seniors now benefit from is not nearly as good as it should be nor nearly as good as it can be. Medicare today is noted more for what it does not cover than for what it actually covers. As an example, it does not cover prescription drugs; it does not cover eyeglasses; it does not cover hearing aids—three examples of things our seniors need and need very desperately.

So in addition to not covering these items, it does not cover a number of other expenses, including about 47 percent of the expenses for seniors who are